

## Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 COME-00 SPC-03 PER-05 SS-20 A-01

ABF-01 IO-14 RSC-01 DRC-01 /068 W

----- 085324

R 121036Z JAN 74

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 5990

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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E.O. 11652: N/A

TAGS: ETRD XF

SUBJECT: OVERALL COORDINATED PLAN FOR MIDDLE EAST DEVELOPMENT

REF: STATE 239800, 24841

SUMMARY: TWO WIRES RECENTLY RECEIVED FROM THE DEPARTMENT, ONE ON THE EFFECTIVENESS OF OUR OVERSEAS COMMERCIAL FUNCTION AND ONE ON THE PROMOTION OF REIMBURSABLE TECHNICAL SERVICES IN THE MIDDLE EAST, INCLINE THE EMBASSY TO RECOMMEND CONSIDERATION OF SETTING UP AN INERDEPARTMENTAL STUDY GROUP TO COMBINE AND EXPAND THE THINKING CONTAINED IN THESE TWO WIRES INTO AN OVERALL COORDINATED PLAN FOR THE DEVELOPMENT OF THE ARAB WORLD IN ANTICIPATION OF A MIDDLE EAST SETTLEMENT. IN ADDITION TO RAISING THE LIVING AND CULTURAL STANDARDS OF THE ARAB WORLD AND THUS PROVIDING FOR INCREASED POLITICAL STABILITY, SUCH AS PLAN WOULD BETTER ASSURE WORLD MONETARY STABILITY AND IMPROVE OUR EXPORT POSITION. UNLIKE PREVIOUS "AID" PLANS, IT WOULD REPRESENT AN UNDERTAKING OF GENUINE EQUALITY, WITH THE US PROVIDING TECHNICAL EXPERTISE AND MANUFACTURED GOODS, AND THE WEALTHY ARAB COUNTRIES PROVIDING THE CAPITAL. END SUMMARY

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1. WE HAVE BEEN REFLECTING ON THE CONTENTS OF STATE

239800 CONCERNING THEEFFECTIVENESS OF OUR OVERSEAS COMMER-  
CIAL FUNCTION AND STATE 24841 CONCERNING THE PROMOTION  
OF REIMBURSABLE TECHNICAL SERVICES IN THE MIDDLE EAST,  
AND WONDER WHETHER IT WOULD NOT BE IN OUR INTEREST TO  
CONSIDER SETTING UP AN INTERDEPARTMENTAL STUDY GROUP TO  
COMBINE AND EXPAND THE THINKING CONTAINED IN THESE  
COMMUNICATIONS INTO AN OVERALL COORDINATED PLAN FOR THE  
DEVELOPMENT OF THE ARAB WORLD.

2. SUCH A PLAN WOULD ASSUME A MIDDLE EAST SETTLEMENT  
AND TAKE INTO ACCOUNT, INTER ALIA, THE FOLLOWING:

A. IF NOT PROPERLY CHanneled, FUNDS GENERATED BY  
INCREASED ARAB OIL PRODUCTION ( AND INCREASED PRICES)  
COULD CONTINUE TO THREATEN THE INTERNATIONAL MONETARY STRUCTURE AND,  
THEREFORE, BOTH OUR OWN MONETARY STRUCTURE AND THAT OF  
THE WEALTHY ARAB COUNTRIES.

B. THE STABILITY ENSUING FROM RAISING THE LIVING AND  
CULTURAL STANDARDS OF THE ARAB WORLD TO EUROPEAN LEVELS  
LIES BOTH IN ARAB AND US SELF INTEREST.

C. THE BALANCE OF PAYMENTS DIFFICULTIES RESULTING  
FROM PURCHASES OF CRUDE FROM ARAB COUNTRIES COULD BE  
GREATLY ALLEVIATED BY INCREASED SALES OF US PRODUCTS  
TO THESE COUNTRIES.

3. THE PLAN ITSELF, INTER ALIA, WOULD HAVE THE  
FOLLOWING FEATURES:

A. IT WOULD BE A JOINT UNDERTAKING BETWEEN THE US  
AND THE WEALTHY ARAB STATES, IN WHICH THERE WOULD  
EXIST FOR THE FIRST TIME GENUINE EQUALITY AND GENUINE  
PARTNERSHIP INASMUCH AS THE TECHNICAL KNOW-HOW AND  
MANUFACTURED GOODS OF THE ONE SIDE WOULD BE MATCHED  
BY CAPITAL CONTRIBUTIONS ON THE OTHER SIDE. THE "DONOR-  
RECIPIENT" CONCEPT WOULD BE ELIMINATED.

B. IT WOULD BE OPENLY ACCEPTED AS AN OPERATION OF  
MUTUAL SELF INTEREST, RATHER THAN ALTRUISM. THE WEALTHY  
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ARAB COUNTRIES WOULD ACCEPT THAT IT WAS IN THEIR INTEREST  
TO RAISE THE LIVING AND CULTURAL STANDARDS BOTH OF THEM-  
SELVES AND THEIR POORER ARAB NEIGHBORS. THEY WOULD  
ACCEPT FURTHER THAT MONETARY STABILITY BENEFITTED THEM-  
SELVES JUST AS MUCH AS IT WOULD THE UNITED STATES.  
THE UNITED STATES FOR ITS PART WOULD ACCEPT THAT THE  
PLAN WOULD HELP TO ELIMINATE A THREAT TO ITS MONETARY  
SYSTEM, IMPROVE ITS BALANCE OF PAYMENTS POSITION AND

CONTRIBUTE TO WORLD STABILITY.

C. IT WOULD BE OPEN ENDED, ALLOWING FOR EVENTUAL PARTICIPATION OF OTHER WESTERN COUNTRIES ON THE ONE HAND (IF DESIRED) AND PERHAPS EVENTUALLY INCLUDING OTHER UNDERDEVELOPED AREAS (SUCH AS AFRICA) ON THE OTHER. US LEADERSHIP WOULD BE MAINTAINED NOT BY CLAIMING AN EXCLUSIVE ROLE, BUT BY TAKING THE INITIATIVE AND BY MAKING AVAILABLE OUR WEALTH OF TECHNICAL EXPERTISE AND MANUFACTURED PRODUCTS. (WE UNDERSTAND THIS HAD ALREADY BEEN REQUESTED BY SAUDI ARABIA.)

4. THE MIDDLE EAST ECONOMIC SITUATION, IT WOULD SEEM, CALLS FOR MORE THAN HALF MEASURES. THE SENDING OF TECHNICAL EXPERTS AND INCREASING THE NUMBER OF US SALESMEN, WHILE LAUDABLE, DOES NOT APPEAR TO BE ENOUGH. BROADSCALE, COORDINATED PLANNING SEEMS REQUIRED, AS WELL AS A GREAT AMOUNT OF APPROPRIATE SALESMANSHIP. BUFFUM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC DEVELOPMENT, DEVELOPMENT PROGRAMS, FOREIGN POLICY POSITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 JAN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BEIRUT00450  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** BEIRUT  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740145/aaaabqyf.tel  
**Line Count:** 132  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 239800, 24841  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20 AUG 2002 by shawdg>; APPROVED <29-Aug-2002 by MorefiRH>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OVERALL COORDINATED PLAN FOR MIDDLE EAST DEVELOPMENT  
**TAGS:** ETRD, XF, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005